



A REPORT
TO THE
ARIZONA LEGISLATURE

Financial Audit Division

Single Audit

Pinal County

June 30, 2002



Debra K. Davenport
Auditor General

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Pinal County, Arizona
Single Audit Reporting Package
June 30, 2002

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**STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL**

DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

WILLIAM THOMSON
DEPUTY AUDITOR GENERAL

**Independent Auditors' Report on Compliance and on Internal Control over
Financial Reporting Based on an Audit of Basic Financial Statements
Performed in Accordance with *Government Auditing Standards***

Members of the Arizona State Legislature

The Board of Supervisors of
Pinal County, Arizona

We have audited the basic financial statements of Pinal County as of and for the year ended June 30, 2002, and have issued our report thereon dated January 31, 2003, which was modified as to consistency because of the implementation of GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments* and due to our reliance on the work of other auditors as described therein. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the County's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of basic financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests and the work of the other auditors disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we will report to the County's management in a separate letter.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on internal control over financial reporting. Our consideration of internal control over financial reporting would not necessarily disclose all such internal control matters that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We and the work of the other auditors noted no matters involving internal control over financial reporting and its operation that we and the other auditors consider to be material weaknesses. However, we noted other matters involving internal control over financial reporting that we will report to the County's management in a separate letter.

This report is intended solely for the information and use of the members of the Arizona State Legislature, the Governing Board, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

Dennis L. Mattheisen, CPA
Financial Audit Director

January 31, 2003



**STATE OF ARIZONA
OFFICE OF THE
AUDITOR GENERAL**

DEBRA K. DAVENPORT, CPA
AUDITOR GENERAL

WILLIAM THOMSON
DEPUTY AUDITOR GENERAL

**Independent Auditors' Report on Compliance with Requirements
Applicable to Each Major Program and on Internal Control over Compliance in
Accordance with OMB Circular A-133**

Members of the Arizona State Legislature

The Board of Supervisors of
Pinal County, Arizona

Compliance

We have audited the compliance of Pinal County with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2002. The County's major federal programs are identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, Pinal County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2002.

Internal Control over Compliance

The County's management is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of internal control over compliance would not necessarily disclose all such internal control matters that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the County's basic financial statements as of and for the year ended June 30, 2002, and have issued our report thereon dated January 31, 2003, which was modified as to consistency because of the implementation of GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments* and due to our reliance on the work of other auditors as described therein. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, based on our audit and the work of the other auditors, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for your information and that of the Chairperson and Vice Chairperson of the Joint Legislative Audit Committee, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

Dennis L. Mattheisen, CPA
Financial Audit Director

April 29, 2003, except for the
Schedule of Expenditures of Federal
Awards, for which the date is January 31, 2003

Pinal County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2002

Federal Grantor/Pass-Through Grantor/Program Title	CFDA/Federal Identification Number (Note 2)	Pass-Through Grantor's Number	Expenditures
U.S. Office of National Drug Control Policy			
Passed through Pima County:			
High Intensity Drug Trafficking Areas	07.11PSAP549	01-11-O-128876-1000	\$ 156,840
High Intensity Drug Trafficking Areas	07.12PSAP549	01-11-P-130674-1001	<u>39,300</u>
Total U.S. Office of National Drug Control Policy			<u>196,140</u>
U.S. Department of Agriculture			
Direct Grants:			
Watershed Protection and Flood Prevention	10.904		10,051
Passed through:			
Arizona Department of Education			
Child Nutrition Cluster			
School Breakfast Program	10.553	KR 10358	26,902
National School Lunch Program	10.555	KR 10358	<u>49,311</u>
Total Child Nutrition Cluster			76,213
Child and Adult Care Food Program	10.558	11-01	6,357
Arizona Department of Health Services			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	261071	815,676
State Administrative Matching Grants for Food Stamp Program	10.561	261090	34,021
Commodity Supplemental Food Program	10.565	261067	<u>27,745</u>
Total U.S. Department of Agriculture			<u>970,063</u>
U.S. Department of Housing and Urban Development			
Direct Grants:			
Public and Indian Housing	14.850		835,428
Public and Indian Housing Drug Elimination Program	14.854		42,777
Section 8 Housing Choice Vouchers	14.871		2,751,168
Public Housing Capital Fund	14.872		307,024
Passed through the Arizona Department of Commerce:			
Community Development Block Grants/State's Program	14.228	036-02, 124-00 023-01	<u>215,352</u>
Total U.S. Department of Housing and Urban Development			<u>4,151,749</u>
U.S. Department of the Interior			
Direct Grants:			
Payment in Lieu of Taxes	15.226		568,264
Distribution of Receipts to State and Local Governments	15.227		<u>46,497</u>
Total U.S. Department of the Interior			<u>614,761</u>

(Continued)

See accompanying notes to schedule.

Pinal County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2002
(Continued)

Federal Grantor/Pass-Through Grantor/Program Title	CFDA/Federal Identification Number (Note 2)	Pass-Through Grantor's Number	Expenditures
U.S. Department of Justice			
Direct Grants:			
Local Law Enforcement Block Grants Program	16.592		\$ 62,911
State Criminal Alien Assistance Program	16.606		146,989
Bulletproof Vest Partnership Program	16.607		2,772
DEA—Domestic Cannabis Eradication and Suppression Program	16.unknown		31,938
Passed through:			
Arizona Department of Emergency and Military Affairs			
State Domestic Preparedness Equipment Support Program	16.007	None	2,389
Arizona Supreme Court			
Juvenile Accountability Incentive Block Grants	16.523	None	5,823
Governor's Community Policy Office			
Juvenile Accountability Incentive Block Grants	16.523	00JAIBG-11, 01JAIBG-11,	106,158
Title V—Delinquency Prevention Program	16.548	JF 99-02	6,428
Arizona Criminal Justice Commission			
Crime Victim Compensation	16.576	VC-02-060	27,042
Byrne Formula Grant Program	16.579	AC-100-02, PC-070-02, CRI-01-040, CRI-02-049	<u>401,155</u>
Total U.S. Department of Justice			<u>793,605</u>
U.S. Department of Transportation			
Passed through:			
Arizona Department of Transportation			
Highway Planning and Construction	20.205	JPA 96-169, JPA 98-32, JPA 01-54	538,574
Governor's Office of Highway Safety			
State and Community Highway Safety	20.600	2001-PT-004	10,665
Arizona Emergency Response Commission			
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	None	<u>2,550</u>
Total U.S. Department of Transportation			<u>551,789</u>
National Foundation on the Arts and the Humanities			
Passed through the Arizona Department of Library, Archives and Public Records:			
State Library Program	45.310	211-1-2(01)	12,459

(Continued)

See accompanying notes to schedule.

Pinal County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2002
(Continued)

Federal Grantor/Pass-Through Grantor/Program Title	CFDA/Federal Identification Number (Note 2)	Pass-Through Grantor's Number	Expenditures
Environmental Protection Agency			
Passed through the Arizona Department of Environmental Quality:			
Air Pollution Control Program Support	66.001	99-0182	\$ 51,000
U.S. Federal Emergency Management Agency			
Passed through the Arizona Department of Emergency and Military Affairs:			
Public Assistance Grants	83.544	1347DRAZ021-99021-00	385,517
Hazard Mitigation Grant	83.548	977-16	6,489
Emergency Management Performance Grants	83.552	GA107	<u>39,942</u>
Total U.S. Federal Emergency Management Agency			<u>431,948</u>
U.S. Department of Education			
Passed through:			
Arizona Department of Education			
Title I Grants to Local Educational Agencies	84.010	02FASTT1-260979-08A	61,651
Special Education—Grants to States	84.027	02FESPPT-27033-01A, 02FESCBG-260979-04A	41,674
Special Education—Preschool Grants	84.173	02FESCBP-260979-05A	519
Safe and Drug-Free Schools and Communities—State Grants	84.186	02FSSIVB-270733-02A	34,217
Tech-Prep Education	84.243	02FVEDTP-270734-02A	20,000
Eisenhower Professional Development State Grants	84.281	02FASJSP-270734-04C, 02FASTII-260979-07A	57,935
Innovative Education Program Strategies	84.298	02FASTVI-270734-01A, 02FASTVI-260979-06A	93,234
Technology Literacy Challenge Fund Grants	84.318	02FADTLC-260979-01A	37,500
Arizona Department of Economic Security Special Education—Grants for Infants and Families with Disabilities	84.181	E1800030	<u>211,459</u>
Total U.S. Department of Education			<u>558,189</u>

(Continued)

See accompanying notes to schedule.

Pinal County
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2002
(Continued)

Federal Grantor/Pass-Through Grantor/Program Title	CFDA/Federal Identification Number (Note 2)	Pass-Through Grantor's Number	Expenditures
U.S. Department of Health and Human Services			
Passed through:			
Arizona Family Planning Council Family Planning—Services	93.217	None	\$ 214,817
Sun Life Family Health Center Community Health Centers	93.224	None	813
Arizona Department of Health Services Immunization Grants	93.268	152047	66,674
Centers for Disease Control and Prevention— Investigations and Technical Assistance	93.283	252035	5,134
Cooperative Agreements for State-Based Comprehensive Breast and Cervical Cancer Early Detection Programs	93.919	050314	167,451
HIV Prevention Activities—Health Department Based	93.940	152017	47,389
Preventive Health Services—Sexually Transmitted Diseases Control Grants	93.977	05-2001	8,885
Preventive Health and Health Services Block Grant	93.991	261113, E1H73209	70,945
Maternal and Child Health Services Block Grant to the States	93.994	961117	60,882
Arizona Department of Economic Security Child Support Enforcement	93.563	E7201021 E7202021	1,840,667
Grants to States for Access and Visitation Programs	93.597	E7209321, E7202321	6,927
Pinal/Gila Council for Senior Citizens Social Services Block Grant	93.667	9900-308	129,789
Gila River Indian Community Rural Health Outreach and Rural Network Development Program	93.912	None	90
Maricopa County Department of Public Health HIV Emergency Relief Project Grants	93.914	2002-01-PIN, 2003-01-PIN	130,749
Total U.S. Department of Health and Human Services			<u>2,751,212</u>
Total Expenditures of Federal Awards			<u>\$ 11,082,915</u>

See accompanying notes to schedule.

Pinal County
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2002

Note 1 -Basis of Accounting

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Pinal County and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Note 2 -Catalog of Federal Domestic Assistance (CFDA) Numbers

The program titles and CFDA numbers were obtained from the federal or pass-through grantor or the 2002 *Catalog of Federal Domestic Assistance*. When the CFDA number was nonexistent or unknown, the first two digits applicable to the federal agency were used followed by the federal contract number to identify the program. If the federal contract number was also unknown, the identifying number was composed of the first two digits applicable to the federal agency followed by the word "unknown."

Note 3 -Subrecipients

The County did not provide federal awards to subrecipients during the year ended June 30, 2002.

Pinal County
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2002

Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:		Unqualified	
	YES	NO	
Material weaknesses identified in internal control over financial reporting?	___	<u>X</u>	
Reportable conditions identified not considered to be material weaknesses?	___	<u>X</u> (none reported)	
Noncompliance material to the financial statements noted?	___	<u>X</u>	

Federal Awards

Material weakness identified in internal control over major programs?	___	<u>X</u>	
Reportable conditions identified not considered to be material weaknesses?	___	<u>X</u> (none reported)	
Type of auditors' report issued on compliance for major programs:		Unqualified	
Any audit findings disclosed that are required to be reported in accordance with Circular A-133 (section .510[a])?	___	<u>X</u>	

Identification of major programs:

<u>CFDA Number/Federal Identification Number</u>	<u>Name of Federal Program or Cluster</u>
10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
14.872	Public Housing Capital Fund
15.226	Payment in Lieu of Taxes
16.579	Byrne Formula Grant Program
20.205	Highway Planning and Construction
83.544	Public Assistance Grants

Dollar threshold used to distinguish between Type A and Type B programs:		\$332,487	
Auditee qualified as low-risk auditee?	<u>X</u>	___	

Other Matters

Auditee's summary schedule of prior audit findings required to be reported in accordance with Circular A-133 (section .315[b])?	___	<u>X</u>	
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